



Building Boom

Spurs Employment

Residential construction, retail establishments contribute

We have all heard about the housing boom. The growing housing industry has been one of the primary drivers of economic expansion since 2003. This building boom also spurred employment in other industries tied to the residential real estate market. Jobs in financing, home sales, and furnishings benefited from the expansion in residential construction.

To show housing's contribution to Utah's economic growth a modified definition of housing-related industries from Economy.com is used. The industries contributing the most employment by percentages are residential construction and special trade contractors (over 60 percent), followed by retail establishments that supply building materials and home furnishings (over 17 percent). Mortgage financing, real estate services, and other professional and home services round out the list of industries.

Utah employment benefited from a strong rise in residential construction activity. Statewide, housing-related industry employment saw its share of employment rise from 8.8 percent in 2001 to nearly 10 percent in 2005. Month-over total employment gains went from slightly negative at the end of the recession in 2003 to a robust 5 percent in March of 2006. While the overall job market has been strong, housing-related employment expanded earlier and currently stands at a stellar 13.6 percent. Housing-related economic activity added nearly 1 percent to the state's 5 percent total employment growth rate.

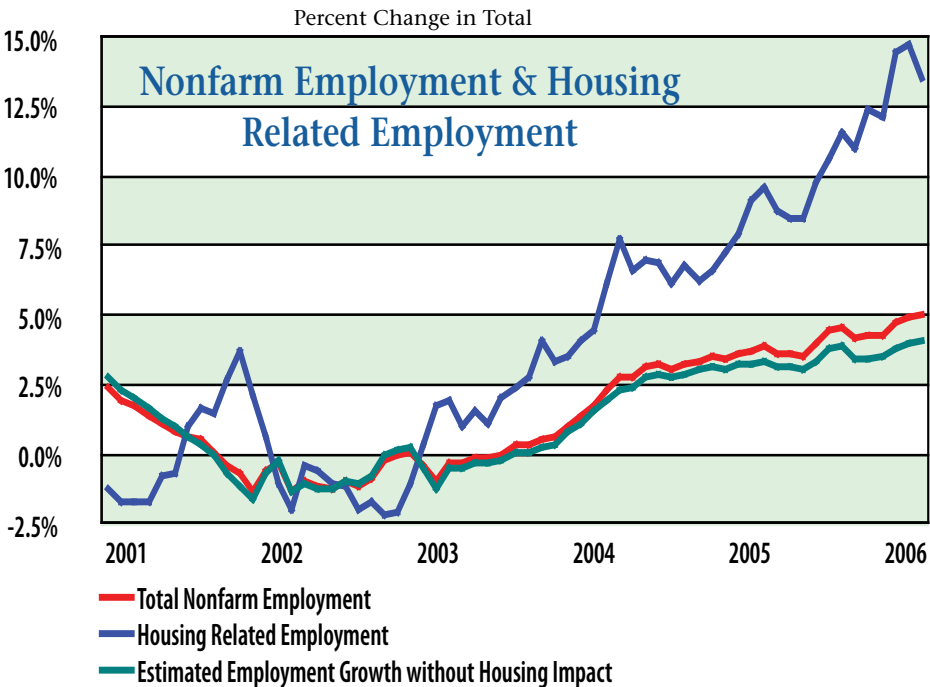
Housing was stimulated by low interest rates. As the U.S. economy recovered from the recession, demand expanded for goods and services. Expanding business activity increased employment opportunities. Jobs attracted workers who needed housing.

Currently, the rise in mortgage interest rates has slowed the demand for housing. Eventually, this will impact Utah's housing market. However, its slowdown will not be dramatic. Utah's expansion and price increases have been more in line with local demand. Still, Utah enjoys relatively affordable housing rates, which bodes well for the future of its housing-related industries. The state will see slower, but good economic growth, and its exposure to a severe downturn seems minute. Utah's growing population and job market will help sustain demand for housing and housing-related employment. ❶

For more information go to:

- <http://jobs.utah.gov/jsp/wi/utalmis/gotoIndustry.do>
- <http://jobs.utah.gov/jsp/wi/utalmis/gotoCounties.do>
- <http://jobs.utah.gov/opencms/wi/statewide/ifsheets/construction.pdf>
- <http://www-new.business.utah.edu/bebr/bebr.php>

- The completion of a \$100-million expansion of Cephalon Inc. facilities west of Salt Lake City (SLC) International Airport accommodates 500 workers and features manufacturing capabilities and the largest controlled-substances vault west of the Mississippi River. <http://deseretnews.com/dn/view/0,1249,645197195,00.html>
- NASA announced Lockheed Martin Corp. will build Orion, the space capsule that will return Americans to the moon. ATK Launch Systems Group of Brigham City will construct part of it. ATK will build Orion's Launch Abort System, including a solid-fuel rocket. The overall Lockheed contract is for seven years. The dollar amount is \$3.9 billion. <http://deseretnews.com/dn/view/0,1249,645197871,00.html>
- Hunter Douglas will invest \$17 million to build a 240,000-square-foot facility in Salt Lake City, doubling employment in the area to 500. The company manufactures wood and metal blinds, shutters and shades. http://www.sltrib.com/business/ci_4270561
- Utah's home-price appreciation, the worst in the country three years ago, is now the 10th best. Home prices statewide rose 15.2 percent in the year that ended in June. Nationally, home prices rose only 10.1 percent in the year that ended in June, reflecting a downturn seen in markets throughout the country that experienced a rapid run-up in prices in the past several years. http://www.sltrib.com/business/ci_4292878



Source: Utah Department of Workforce Services.

Industry Sectors Related to Housing

- Residential Building
- Special Trade Contractors
- *Water and Sewer System Const.*
- *Land Subdivision*
- Wholesale Lumber and Construction Supply
- Building Material & Garden Supply Stores
- *Furniture and Home Furnishing Stores*
- Mortgage and Non-mortgage Loan Brokers
- Real Estate Credit
- Office of Real Estate Agents and Brokers
- Office of Real Estate Appraisers
- *Landscape Architectural Services*
- Services to Buildings and Dwellings

Source: Economy.com and the Department of Workforce Services (DWS).
Note: The industries in italics were added to the definition by DWS economists.